

June 14, 2002

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

## **STATE LEGISLATIVE UPDATE**

### **Conference Committee Update**

The following actions were taken by the Conference Committee during the evening hours of June 13, 2002:

**CalWorks County Administration.** Reversed its prior action whereby it restored \$28 million for CalWORKS County Administration. The conferees have now adopted a newly-crafted "conference compromise," which restores \$21 million for county administration. It retained its prior action of reducing the CalWORKs reserve by \$30 million.

**Med-Cal Asset Test.** Rescinded its prior action to eliminate the Asset Test for Medi-Cal eligibility. According to the Department of Finance, a recent report by the Lewin Group, a national health and human services consulting firm, elimination of the Asset Test results in additional State costs, and not savings. The Administration remains opposed to elimination of the Asset Test.

### **Schedule**

The conferees will reconvene at 11 a.m. on Saturday, June 15, 2002. It appears that the committee still plans to finish its work on crafting a spending plan for 2002-03 by Saturday. Still on the agenda is the discussion of taxation and other revenues and any remaining open issues. There is also the possibility additional "Not In Conference" or "NIC" items will be considered.

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**Actions Taken by CSAC Board of Directors**

At its meeting yesterday in Sacramento, the CSAC Board of Directors voted 17 to 12 to support a series of options to enhance State revenues. These options are:

- Reinstating the VLF offset from 67.5 percent to 25 percent, beginning January 1, 2003;
- Reinstating the VLF offset from 67.5 percent to 0 percent beginning January 1, 2003;
- Suspending the net operating loss for two years;
- Increasing the tobacco excise tax by \$0.50; and
- Temporarily restoring the upper income tax rates from 9.3 percent to 10 percent and 11 percent.

We will continue to keep you advised.

DEJ:GK  
IGR:zo

Executive Officer, Board of Supervisors  
County Counsel  
All Department Heads  
Legislative Strategist  
Local 660  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants

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